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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/17/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 16

NIHON KEIZAI (Page 2) (Full)
May 17, 2006

09:01

Attended a cabinet meeting in the Diet building.

09:23

Met Deputy Chief Cabinet Secretary Nagase at Kantei.

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10:15

Met Egyptian Foreign Minister Aboul Gheit.

11:03

Attended the farewell service for former Lower House member Raizo Matsuno.

12:03

Arrived at Kantei.

13:16

Attended a Lower House plenary session.

15:32

Met at Kantei with soccer coach Zico and Tsuneyasu Miyamoto and other players picked for the 2006 World Cup.

16:29

Attended a party for new executives of the Japan Medical Association at the Imperial Hotel.

17:00

Met the French Polynesian head at Kantei. Later attended a meeting of ministers responsible for the monthly economic report.

18:13

Met METI Minister Nikai.

19:38

Returned to his official residence.

4) US House chairman sent letter to House speaker expressing "concern" over Koizumi's Yasukuni visits

YOMIURI (Page 2) (Full)
May 17, 2006

Fumi Igarashi, Washington

With Prime Minister Junichiro Koizumi scheduled to visit the United States in late June, US House of Representatives International Relations Committee Chairman Henry Hyde has sent a letter to House Speaker Dennis Hastert expressing his concern over Koizumi's visits to Yasukuni Shrine, a US Congressional source revealed on May 15.

The source did not disclose the letter in question in detail since it was a personal letter. However, according to the source, the letter, mailed in late April, basically welcomed the Japanese government's efforts to pave the way for Koizumi's speech before the US Congress, while expressing concern over Koizumi's paying a visit after returning to Japan to Yasukuni Shrine, which along with the war dead also honors Class-A war criminals, including wartime prime minister Hideki Tojo. Hyde has not received a reply

from Hastert.

Hyde, 82, is also a World War II veteran. He sent a letter last fall to Ambassador to the US Ryozo Kato expressing his regret over visits to Yasukuni Shrine by Koizumi and others connected with the Japanese government.

5) Hyde's criticism of Koizumi's Yasukuni visits may affect Japan-

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US relations, LDP presidential race

YOMIURI (Page 4) (Abridged slightly)
May 17, 2006

The government is taking US House International Relations Committee Chairman Henry Hyde's criticism of Prime Minister Koizumi's Yasukuni visits calmly, regarding it as his personal view. But the matter may have an impact on the Liberal Democratic Party's presidential election in September with one LDP lawmaker saying apprehensively, "It might escalate into an issue that casts a dark cloud on Japan-US relations."

Koizumi told reporters at his official residence yesterday: "The Japanese public is split on the issue. America is a country of freedom, so I'm not surprised if the American public is also split." Chief Cabinet Secretary Shinzo Abe also noted in a press conference: "I don't think many American lawmakers are critical of the matter (like Mr. Hyde), as they are aware of the importance freedom of religion."

Hyde served in World War II. A Foreign Ministry source took this view: "Mr. Hyde mistakenly regards the prime minister's visits to Yasukuni Shrine as acts to prettify the war. His view does not represent the thinking of the entire US Congress." But some are sensing a subtle change in the US mood regarding the Yasukuni issue. A person connected with the government voiced this view yesterday: "The souring of relations between Japan and China, two major powers in Asia, does not serve American interests. A view attributing strained bilateral relations to the Yasukuni issue is gradually spreading in the US."

LDP lawmakers critical of Yasukuni visits hold different views. Former Defense Agency Director General Seishiro Edo said, "The matter must be regarded as an international issue." Former Secretary General Koichi Kato noted yesterday: "The matter will

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have a tremendous impact on the LDP presidential race. The Koizumi cabinet has been counting on the US, but that country has now sent a warning signal to Japan."

Of the post-Koizumi contenders, Abe is supportive of Yasukuni visits. A person close to Abe said alarmingly, "Anti-Abe forces are trying to drive Mr. Abe to a tight corner by taking advantage of US concern over the Yasukuni issue." Given the chilly relations with China and South Korea, the view is spreading that heated debate will take place on Asia policy and historical views in the LDP presidential race. Potential successors to Koizumi may be forced to pay close attention to reactions in the US.

6) Chief Cabinet Secretary Abe: "Most US Congress members are not critical of shrine visits"

ASAHI (Page 4) (Full)
May 17, 2006

Meeting the press yesterday morning, Chief Cabinet Secretary Abe touched on the letter sent by US House Committee on International Relations Chairman Hyde in which he said that if Prime Minister (Koizumi) plans to address the US Congress during his visit to the United States set for the end of June, he needs to pledge that he will not visit Yasukuni Shrine, and made this comment: "Isn't it that most Congress members, in terms of freedom of

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religion, are not making such a criticism of shrine visits?" "To begin with, there is no plan for (the prime minister) to address US Congress, nor has Japan indicated it wants to have such an opportunity," Abe added.

7) Foreign Minister Aso: "It's impossible" to demand Yasukuni Shrine should separately enshrine Class-A war criminals

ASAHI (Page 4) (Full)
May 17, 2006

Foreign Minister Aso delivered a speech in Tokyo yesterday in which he referred to Prime Minister Koizumi's visits to Yasukuni Shrine and again indicated that it would be impossible for the government to ask the shrine to separately enshrine Class-A war criminals, saying: "Whoever will become prime minister, the government cannot ask the religious corporation Yasukuni Shrine to 'separately enshrine (Class-A war criminals),' because doing so is state interference in religious affairs. As long as Yasukuni Shrine asserts that separate enshrinement is impossible, the government cannot do anything. I think the problem rather lies in that such a matter is put in the hands of a religious corporation."

8) Foreign Minister Aso sees possibility of turning Yasukuni Shrine into a non-religious institution in order to solve the problem of separating Class-A war criminals enshrined there

MAINICHI (Page 1) (Abridged)
May 17, 2006

Foreign Minister Taro Aso in a speech in Tokyo yesterday on the Yasukuni Shrine issue pointed out: "The problem seems to be the entrusting to one religious institution the important task of honoring the nation's war dead." He seems to be suggesting he is thinking of considering the possibility of legally turning the shrine into a non-religious institution and then considering a way to separate the Class-A war criminals enshrined there. He stressed: "No matter who the prime minister may be, for him to tell Yasukuni Shrine to separate those enshrined there would be seen as the state using its power to interfere in religious affairs." He reiterated his thinking that under the Constitution's principle of the separation of state and religion, it would be improper for the government to work on the shrine to remove the Class-A war criminals enshrined there. At the same time, he stated: "My feeling is to allow respect to be quietly paid to the war dead and their relatives. It is the task given to politicians to find a way to create such conditions."

9) Abductee Megumi Yokota's father, Shigeru, meets with family members of the man thought to be her husband; Abductees' parents will join hands to resolve the abduction issue

ASAHI (Top play) (Excerpts)
May 17, 2006

Seoul, Ryuichi Kitano

Abductee Megumi Yokota's father, Shigeru, 73, and her brother, Tetsuya, 37, met in Seoul yesterday afternoon with Choi Gye Wol, 78, mother, and Kim Young Ja, 47, sister, of South Korean abductee Kim Young Nam, who is believed to be Megumi's husband.

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Both families met for the first time. Sparked by this meeting, both countries' abductee support groups - Japan's Association of the Families of Victims Kidnapped by North Korea and South Korea's Association of the Families of Victims Kidnapped by North Korea - aim to work together to make the abduction issue understood more widely in both nations and urge both governments to take a tough response, including economic sanctions on North Korea. The Japanese government, as well, expects this meeting to arouse international public opinion. However, the South Korean

government has distanced itself from the abduction issue partly because it has emphasized North-South dialogue. It remains to be seen whether the meeting this time will help draw more international attention to the abduction issue by the time of the Group of Eight industrialized nations summit in Russia slated for July.

10) Korean groups Mindan, Chongryun to reconcile to end 60 years of animosity; Heads will meet today; May take concerted action on Yasukuni issue

TOKYO SHIMBUN (Top play) (Full)
May 17, 2006

The top leaders of the pro-Seoul Korean Residents Union in Japan (Mindan) and the pro-Pyongyang General Association of Korean Residents in Japan (Chongryun), aiming for reconciliation, will meet this morning at Chongryun headquarters in Chiyoda Ward, Tokyo, to end more than half a century of antagonism and will release a joint statement. The move reflects a reconciliatory mood sparked by the inter-Korean summit in June 2000. The two organizations are expected to fall in line in dealing with such issues as Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine. Their moves are likely to affect Japanese policies in the months ahead.

Mindan and Chongryun have nearly 60 years of antagonism. The Joint Declaration released by South Korea and North Korea stated reunification of two Koreas upon their own will. Following it, the two countries began moving toward reconciliation. South Korean President Roh Moo Hyun also has been promoting the Sunshine Policy.

But Mindan and Chongryun, partly because of the deep-seated animosity between them, have never held a top-level meeting, even though there have been exchanges at the local level.

The environment surrounding the two groups, however, changed with the election this past February of Ha Byung Ok - who emphasizes "reconciliation and harmony between South and North Korean residents in Japan" - as head of Mindan's central headquarters. Mindan has urged Chongryun to move toward reconciliation and declared that along with Chongryun, it will participate in the "Japan committee to implement the 6/11 North-South Joint Declaration," although Mindan has refused in the past to take part in the committee.

Mindan's representative group led by its head Ha will visit Chongryun's headquarters today. Chongryun Chairman So Man Sul and other leaders will meet them and hold discussions with them, focusing on reconciliation and cooperation and uniting for a common purpose.

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The two groups intend to establish a point of contact office to deal with various problems facing Korean residents in Japan, such as education and pensions, in both organizations instead of establishing a standing consultative body, and promote discussions via such an office.

11) MSDF emergency maneuver plans also leaked

ASAHI (Page 1) (Abridged)
May 17, 2006

The Maritime Self-Defense Force recently discovered that its in-house files had leaked on the Internet, and the MSDF has also confirmed that a number of documents, including plans for training maneuvers, have been leaked. Those leaked electronic documents total 3,000 or so. The operations plan was created in anticipation of an emergency on the Korean Peninsula. However, it is the first time such a highly confidential MSDF operational plan has gone public. Some of those leaked documents were in the areas of communications and secret codes. The MSDF consulted with the US Navy on their common codes and has now changed all of its

codes for names and some of its frequencies for radio communications.

The MSDF maneuver was conducted for 10 days in November 2003 with the participation of some 80 vessels, 170 airplanes, and 26,000 personnel.

There were three documents detailing scenarios for nearby contingencies and national defense mobilization. The three documents list case-by-case operations to be conducted by the MSDF Sasebo District Fleet—which covers Kyushu and Okinawa—along with the Self-Defense Fleet, one of the MSDF's mainstay fleet services, and with the US Navy. All those three documents were classified but have now been declassified since their disclosure.

The MSDF maneuver scenarios were intended to deal with two of Japan's neighbors in the event of contingencies. One scenario was that one of the two countries was ready to launch ballistic missiles at Japan. The other scenario was that the other country claimed territorial rights to an archipelago of islets near Japan's southwestern islands.

The MSDF Sasebo District Fleet conducts warning and surveillance activities, ship inspections, Japanese evacuation, and demining activities in waters ranging from the Tsushima Straits to the sea west of Kyushu.

If and when Japan is facing an emergency, the MSDF Self-Defense Fleet will be used to escort a carrier group and other US Navy services heading for a strategic zone. In the next stage, the MSDF will sealift Ground Self-Defense Force troops for their landing on the islets. The US Navy will conduct operations centering on the Korean Peninsula. Meanwhile, the US Navy will also carry out maritime intercept operations, or MIO for short, according to the declassified files.

Among other leaked materials, there were also many files regarding radio communications and secret codes for emergency use, such as a classified document illustrating frequencies and communicable ranges for a mobile radio communication unit to be

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dispatched to a coastal area of Kyushu in the event of emergencies.

12) Poll: 72% see Japan's cost sharing for USFJ realignment as "too high"

MAINICHI (Page 2) (Full)
May 17, 2006

In a telephone-based nationwide public opinion survey conducted by the Mainichi Shimbun on May 13-14, respondents were asked about the US government's estimate of Japan's cost sharing to the extent of approximately 3 trillion yen for the realignment of US forces in Japan. In response to this question, 72% said, "It is necessary to share the burden but the amount is too high." Those who said Japan would have to share the cost for its national security accounted for 8%, while another 12% were negative, saying, "there is no need to share the burden." As seen from these figures, the poll shows that the general public is negative about expending such a huge amount of money as Japan's cost sharing, even though there is an understanding about Japan needing to provide "an appropriate share" for base realignment plans, such as those alleviating Okinawa's base-hosting burden.

The Japanese and US governments have now finalized a report on the US military's realignment in Japan, incorporating an agreement to redeploy 8,000 US Marines from Okinawa to Guam. In the survey, respondents were asked how they evaluated this agreement. In response, affirmative views totaled more than 60%, broken down into 13% saying "yes" and 51% saying "yes to a certain extent." Meanwhile, 9% did not evaluate it all, while 17% said they did not evaluate it very much.

The Self-Defense Forces and US Forces Japan are going to enhance

their interoperability through the US military's realignment. As a step, the SDF will locate command functions at US military bases in Japan. In the survey, respondents were asked if they would support this consolidation. Public opinion, however, was split, with "yes" accounting for 45% and "no" reaching 43%. Among those who support the ruling Liberal Democratic Party, "yes" accounted for 59%, with "no" at 29%. Among those who support the leading opposition Democratic Party of Japan (Minshuto), however, negative opinions topped affirmative ones, with 54% saying "no" and 39% saying "yes." Negative answers outnumbered affirmative ones among Japanese in their 20s and 30s. As seen from such figures, the poll shows that younger generations are negative about military integration between the two countries.

13) Government's draft bill to promote US force realignment proposes subsidies for base-hosting local communities

MAINICHI (Page 2) (Full)
May 17, 2006

The government is now drafting a special bill to promote the planned realignment of US forces in Japan. The draft bill, unveiled yesterday, includes measures to set up a realignment subsidy program for base-hosting communities, including Nago City, Okinawa Prefecture, to which the US Marine Corps' Futenma Air Station will be relocated. The bill also proposes enabling the Japan Bank for International Cooperation (JBIC) to offer loans to cover the cost of relocating US Marines to Guam by

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expanding its service.

The government intends to set a 10-year term limit for the bill. Under the bill, with the subsidy program for local governments housing power plants as a reference, subsidies would be paid according to the state of progress in construction work. Should the relocation process be delayed due to an opposition movement or other reasons, the payment would be frozen.

Reflecting on the fact that the plan to relocate the Futenma Air Station to off Henoko district (Nago City) was not realized despite its generous financial aid for Okinawa Prefecture following an agreement reached at the Japan-US Special Action Committee on Okinawa (SACO) in 1996, the government plans to ready a local-promotion system that contains both "carrots" and "sticks."

A decision has already been made to disband the JBIC as part of the government's ODA reform, but the government plans to establish a loan system intended only for the Guam relocation project.

14) Government to send Cabinet Office officials to Okinawa to study economic stimulus measures

ASAHI (Page 4) (Full)
May 17, 2006

In order to study Okinawa's economic stimulus measures in connection with US force realignment, the government will send Cabinet Office officials in charge to Okinawa today to exchange views with senior prefectural officials. In his talks with Prime Minister Junichiro Koizumi on May 11, Gov. Keiichi Inamine asked for the government's assistance for the use of US bases being returned and the employment of Japanese base workers.

15) Government remains upbeat on economy in report for May

TOKYO SHIMBUN (Page 1) (Excerpts)
May 17, 2006

State Minister in Charge of Economic and Fiscal Policy Kaoru Yosano submitted in a ministerial meeting yesterday a monthly economic report for May noting that the economy "is recovering." The government maintained its upbeat assessment of the economy for the third consecutive month on solid individual and corporate

spending, as well as rising exports. The government's confirmation of recovery in May stretches the period of the current recovery, which started in February 2002, to 52 months, surpassing the second-longest economic boom in the postwar period called "bubble economy" (51 months starting in December 1986).

Should the economy continue to recover through November, it will exceed the so-called Izanagi boom (57 months from November 1965). In a press conference yesterday, Yosano confidently said: "I think the current recovery will easily surpass it."

But there are also signs of change, such as slowing capital investment, which has served as an engine to pull along the economy. Yosano commented on this: "Since the economy has steadily improved, a phase of some kind of adjustment is unavoidable. It is necessary to carefully watch moves of oil

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prices and exchange rates."

16) Government decides to settle US beef import resumption issue before bilateral summit

SANKEI (Top Play) (Excerpts)
May 17, 2006

The second ban on US beef imports continues, following the inclusion of specified risk materials (SRM), a material banned in Japan as a mad cow disease risk, in US beef shipments. In order to settle this issue, the government yesterday decided to resume imports before the bilateral summit, slated for late June. The judgment is that if it decides to reinstate the beef trade after the summit, it could be interpreted that the judgment was made under pressure from the US and that if it puts the issue on the backburner, it could develop into a major dispute between the two countries.

Japanese and US government experts are expected to meet in Tokyo today and tomorrow to discuss the resumption of US beef imports by Japan. The US has already completed the re-inspection of beef processing plants that are authorized to export products to Japan and submitted the outline of the report to Japan. Discussions by experts will likely focus on the outline of the report.

The Japanese side wants to discuss with the US side on the situation of the reinsertions of US meat processing plants and conditions for restarting beef imports. A Foreign Ministry source noted, "If the US provides clear explanations, bilateral talks will move toward the next step."

The US has indicated its readiness to allow Japanese inspectors to accompany US inspectors, when they spot-check meat packers after imports resumed. The Japanese side is considering the possibility of reinforcing quarantine procedures.

Japan intends to pursue bilateral discussions and reach a final decision, after determining the efficacy of such measures designed to prevent a recurrence.

17) Japanese, US experts to meet today over US beef imports

NIHON KEIZAI (Page 5) (Slightly abridged)
May 17, 2006

In a move to lift Japan's ban on US beef imports, the Japanese and US governments will start a two-day working-level expert meeting in Tokyo today. If no problem is found in the results of the re-inspections conducted by the US government of meat-processing facilities with licenses to ship beef to Japan, both sides will discuss specific conditions for Japan to resume imports.

Japan intends to present the US with measures that will be convincing to Japanese consumers, such as inspections of slaughterhouses in the US before resuming imports, snap inspections after restarting imports, and enhancement of the

nation's quarantine system. The US is also "willing to accept any requests," as said by a senior Agriculture Department official. Both sides now expect that there will be major progress on resumption conditions.

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Once agreement is reached on conditions, the government will explain to consumers the agreed contents. If it finds no defects in the US systems, Japan will officially decide to lift its ban on US beef imports. Many observers anticipate the final decision would come in mid-June, just before Prime Minister Junichiro Koizumi leaves for the US. Participating in the meeting will be Acting Under Secretary of Agriculture Lambert and others from the US side and responsible division chiefs of the Foreign Ministry, the Health, Labor and Welfare Ministry, and the Agriculture, Forestry and Fisheries Ministry from the Japanese side.

DONOVAN